

**Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES**

Date: March 3, 2009: **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Teresa Carmichael
Jared Langkilde
Jim LeCheminant
Steve Parker
Jo Wilson
Steve Wood

EX-OFFICIO

Mayor Scott Smith
Chris Brady
Brian Campbell
Jeff Crockett
Charlie Deaton
Steve Shope

STAFF PRESENT

Betsy Adams
William Jabjiniak
Shea Joachim
Scot Rigby
Steve Wright

MEMBERS ABSENT

Christian Alder (excused)
Dale Easter (unexcused)

GUESTS

William Harris
Mary Wolf-Frances

1. Chair's Call To Order

Chair Jim LeCheminant called the March 3, 2008 meeting of the Economic Development Advisory Board to order at 7:31 A.M. at the City of Mesa Council Chambers, Lower Level, 57 E. 1st Street, Mesa, Arizona 85201.

2. Approval of Minutes from February 3, 2009 board meeting.

Chair LeCheminant called for a motion to approve the minutes from the meeting held on February 3, 2009.

MOTION: Rich Adams moved that the minutes from February 3, 2009 be approved as written.

SECOND: Steve Wood

DECISION: Passed unanimously

3. Items from Citizens Present

No comments.

4. Hear a presentation on Aerospace Institute

Mr. William Harris, President and CEO of the Science Foundation Arizona gave an overview of the Science Foundation Arizona and its vision. He explained that the purpose of the Science Foundation Arizona (SFAz) is to establish industry-university

R&D partnerships, attract and retain world-class talent, create a competitive advantage, and compete effectively in a global economy.

The business community asked him to help organize a new R&D investment in a public/private partnership that would explore ways to attract companies like Boeing, Raytheon, Honeywell, Intel and Ventana Medical. The focus is to do research in new ways in order for the companies to be retained in Arizona for the long term. The state gave a five (5) year commitment of \$135 million. It was the Legislature's strategic investment in making Arizona's 21st Century economy diversified and prosperous. Every state dollar has a 1:1 match from the private sector and 100% of the core operating costs are paid by statewide CEO groups, and not state funding. The City of Flagstaff and the Flagstaff 40 contributes \$50,000 per year toward the budget for the SFAz along with contributions from the Greater Phoenix Leadership and Southern Arizona Leadership Council. Additional funds are leveraged through individual grants and cost sharing from industry partners.

The Board of Directors is as follows:

- Donald Budinger, Chairman, Boards of Directors, Science Foundation Arizona, the Rodel Foundations and the Arizona College Scholarship Foundation
- William Harris, President and CEO, Science Foundation Arizona
- Craig Barrett, Science Foundation Arizona, Board Vic Chair; Chairman of the Board, Intel Corporation
- Erich Bloch, Director, The Washington Advisory Group
- Leroy Hood, President, Co-Founder of Institute for Systems Biology
- Anita Jones, Professor, University of Virginia
- Ira Levin, Senior Deputy Director, National Institutes of Health
- Frank McCabe, Vice President and General Manager, Intel Ireland, Retired
- Robert Millis, Director, Arizona Lowell Observatory
- Rick Myers, Senior Vice President, IBM, Retired
- Gary Jones, Chairman of the Boards, ARKeX and Ingrain
- Martina Newell-McGloughlin, Director, Biotechnology Research, University of California at Davis

This Board has a strong technical background and a strong understanding of the business interface resulting in the ability to be able to make a difference in Arizona.

When a research investment is made, scientists write a proposal outlining their scientific ideas, what they want to do, what they want to achieve and describe their business partnership. The proposals that are in place will have a business university partnership and be matched by the private sector. The proposal undergoes a review by peers, and is given a grade. The review is modeled after the National Science Foundation process developed over 50 years ago.

The SFAz has only been in business approximately 2 years. The SFAz administers grant programs, attracts researchers, nurtures biomedical research, and supports solar energy, mining technologies, and math and science education statewide. The report received from a Battelle's Report was interesting and it was made clear the SFAz was on the right track. It was also demonstrated that SFAz was out performing anything in the country that was like this and off to a good start. The report stated that Arizona continues to lag other states in technology, and the tech sector will need financial support to avoid falling

even further behind. The State's tech employment base is shrinking faster than national averages, the number of patents issued has declined, and university research has stagnated.

In the 21st century, for a state or country to be successful, it's going to be about brains and the speed at which things need to get done.

Speaker of the House, Kirk Adams announced on February 20, 2009 the Advisory Board members of The Arizona Aerospace Institute. It is comprised of private/public sector leaders with the Chairman being Bob Johnson. Among others on the Board are the Honorable Scott Smith, ASU President Michael Crow, and the President of Raytheon Missiles bringing to a total of 12 board members. Their purpose is to leverage Arizona's aerospace industry assets for the 21st century with public/private collaboration. The impact on Arizona is similar with what Semitech was to Austin, Texas, and Boeing was to Seattle, Washington. There is a Boeing/ASU pending proposal. To compete in the 21st century we have to know what the game is, step up to and work on public/private partnerships. The Arizona Aerospace Institute provides a model and an opportunity for this area of the state. It provides an opportunity to take a position of leadership, not only in the state, but in the world. There is a need to educate the people to understand the critical importance of research and development and why high tech companies depend on it.

City Manager Chris Brady commented that in a meeting with ASU President Michael Crow and others, Boeing made it shockingly clear that they recruit for engineers back east and do not recruit in Arizona.

MOTION: Rich Adams moved that Mr. Jabjiniak draft a letter to the appropriate people in the Legislature or elsewhere indicating the Economic Development Advisory Board's support for fully restoring the funding to the Science Foundation Arizona.

SECOND: Jared Langkilde

DECISION: Passed unanimously

5. Hear a presentation on Arizona Tech Council "Mash Up"

Mr. Shea Joachim introduced and turned the presentation over to Ms. Mary Wolf-Frances, Workforce and Development Liaison, with the Arizona Technology Council.

Ms. Wolf-Frances started her working career as a teacher at Connor Elementary School in Mesa when McDonnell-Douglas came to Mesa and new schools were needed. Her background is in education and she has been working with the Arizona Technology Council on their Workforce and Education Initiative since March 2008. The business community feels the pinch of not having the workforce they need to be successful. Of the companies that belong to the Arizona Technology Council, 86% have 100 employees or less. They need to bring together their resources in order to affect the pipeline of trained workforce. It is all about producing a more robust pipeline to feed our industries here in Arizona. In ensuring a robust pipeline is a Tech Talent Subcommittee which is chaired by Dan Willows from Microsoft.

In October 2008 there was a "Mashup" event held with all the key stakeholders brought together. Among those were Economic Development people, Workforce Development,

business leaders, educators and government and policy makers. Out of the “Mashup” four (4) key objects surfaced one of which was internships. The “Mashup” was effective in making changes across the state. The next “Mashup” was to focus on a specific industry, such as the aerospace and defense industry. This is a key industry for the State of Arizona. The goal is to identify what the challenges are and make sure the key stakeholder groups are together in the same room to talk about what it is going to take to make this more effective. Mesa is the key to this because it is a microcosm of what the whole state is trying to do for aerospace and defense. The University of Arizona, in partnership with Raytheon, is hosting the event on Friday, March 20, 2009 in Tucson.

6. Director's Report

Mr. Jabjiniak reported that the March 2, 2009's B2B (Business to Baseball) event with several sponsors, along with the Convention Center and Visitors Bureau and Office of Economic Development, was a huge success. It has been expanded from last year and provided an opportunity to market Mesa and build relationships. Numerous positive comments were made to staff in regard to the effort staff and the City have made in building relationships.

The Mayor's Breakfast was on Friday, February 6, 2009 at the Hilton. The Mayor spoke on Healthcare, Education, Aviation and Tourism (HEAT).

The Gateway Freeway funding was cut from the State budget. Mesa is looking at Plan B to break the project down into smaller pieces and looking at opportunities to fund various design pieces. There are other funding sources being looked at as well.

Mayor Smith encouraged the EDAB Board members to speak to the Governor's office and Legislature to bring some of the stimulus money into Mesa. Currently all the money is going to West Valley projects (west of I 17) and Mesa is being shut out. The only project Mesa advocated for was help in funding the Gateway Freeway and we were denied. The allocation of stimulus money is not being fairly distributed to Mesa or the East Valley.

Mr. Jabjiniak gave a brief update on the SB 1403. This is a bill that would give tax incentives to factories that produce components for renewable energy. Barry Broome gave an update last month on the Renewable Tax Credit. The City of Mesa has endorsed that through our legislative agenda and it was also heard in detail at the General Economic Development Committee (GEDC) meeting on Thursday, February 26, 2009. The GEDC was also very supportive of the initiative.

Mr. Brian Campbell commented on the SB 1403 item. As of February 26, 2009 GPEC has started a public/private program (with select companies) to contribute real estate that could be used as part of the solar energy attraction program. The pilot program they are discussing and meeting with is a semiconductor company in East Phoenix that recently shut down. They have an approximate \$3 million dollar cost to retrofit the building and then try to re-lease it. GPEC has suggested to them that instead of spending that money on retrofitting the building, have them defer some of the rent as part of a contribution on an initiative to attract solar companies to relocate to that location. It was enthusiastically embraced by that company and they are going to be pursuing it. He requested the opportunity to speak with Mr. Jabjiniak and staff at a later date to see if Mesa would be in

the position to have the same opportunity. He would like to see Mesa prepared and in position for opportunities.

7. Project Update on Shop Mesa

Mr. Steve Wright, Public Information and Communications Director, explained that his department is responsible for several areas of the City and handles all the marketing, public relations, media relations, Mesa Channel 11 and overall graphic design (including the new City of Mesa logo that was rolled out in June 2008) for the City.

He commented that the concept of keeping our sales tax dollars in the community is important. Mesa depends heavily on sales tax dollars to support police, fire and streets.

Why shop Mesa:

- The obvious is supporting our local businesses and community
- Critical to the financial health of the city government
- Funding services and programs vital to our quality of life
- It will help build a better Mesa

Some things they have started to do to get the word out is:

- A crawl on Mesa Channel 11 during study session and council meetings
- Openline newsletter articles and reminders
- Public service announcements
- Special events

New programs and efforts:

- Shop Mesa show on Mesa Channel 11
- Partnerships with local businesses to underwrite the newsletter
- Partnerships with local businesses to underwrite advertisements in utility bills
- Shop Mesa – Get the Arts

Shop Mesa – Get the Arts is a program that has been worked on for the last several months. The idea came from Johann Zietsman at the Mesa Arts Center. The idea is that if a resident brings in their receipts they can get equal value in Mesa Bucks for every sales tax dollar that they spend in Mesa. For example, if someone brings in 200 receipts that total \$200 dollars in sales tax paid in Mesa then they can receive up to \$200 dollars in Mesa Bucks. Up to \$200 dollars is the limit. The Mesa Bucks are good for certain support programs such as the Mesa Arts Center, Mesa Contemporary Arts, Arizona Museum of Natural History and Arizona Museum for Youth. They are also looking to partner with Westcor, car dealerships and then expand to other areas.

8. Other Business

Chair LeCheminant reminded the EDAB members of the next scheduled meeting on April 7, 2009.

9. Adjournment

Chair LeCheminant adjourned the meeting at 9:04 a.m.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Betsy Adams)